

## Notice to End a Tenancy

### Month-to-month tenancies

Under the Act, either a landlord or a tenant can terminate a tenancy with a minimum one-month written notice. The last day of the tenancy would be the last day of the rental period.

#### Example

March 31st – written notice delivered to other party

April 1st – first day of rental period

April 30th – tenancy terminated

#### ► Note

The written notice of termination should include:

- landlord's name
- tenant's name
- address or description of the rental unit
- date that the tenancy should terminate
- date the notice is served

### Fixed-term Tenancy Agreements

Fixed-term tenancy agreements specify the length or term of the lease. Under the Act, once the tenancy ends, the tenant no longer has the right to occupy the premises.

If a tenant continues to occupy the rental premises after the landlord has requested they move out, they may be subject to a penalty of two months rent for every month they remain on the premises, plus applicable costs.

In addition to imposing a financial penalty, the landlord may also apply to the Ontario Superior Court of Justice to obtain an eviction order.

#### Example

Under a three-year lease agreement, the tenant is expected to leave the premises at the end of the three years.

#### ► Note

Landlords and tenants can agree to renew a fixed-term tenancy agreement.



## Commercial Landlords:

### Rights and obligations

- Landlords must notify tenants in writing of specific breaches of the lease and allow a reasonable period of time for them to comply.
- Landlords may have the right to terminate a tenancy when tenants fail to fulfil their obligations as outlined in the lease.
- Landlords have the right to apply to the Superior Court of Justice (or depending on the amount, Small Claims Court) to seek damages from the tenant for the loss of rental income owed for the balance of the term of the lease.

## Commercial Tenants:

### Rights and obligations

- Tenants must pay their rent on the due date agreed on in the lease with the landlord.
- Tenants cannot hold back rent because a landlord has failed to fulfill their obligations as outlined in the lease.
- Tenants must fulfill their obligations as outlined by the lease agreement.
- Tenants have the right to take their disputes with the landlord to Small Claims Court for disputes concerning money or personal property under \$10,000. Otherwise, an application must be made to the Superior Court of Justice.

#### ► Note

Court office addresses and phone numbers are listed in the blue pages of your local phone directory.

For more information, you can contact the Commercial Tenancy Information Line at:

(416) 585-7373 or 1-800-729-4871

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# Commercial Tenancies

# Act



## What you need to know



This brochure does NOT apply to  
residential tenants and landlords.

# Commercial Tenancies

# Act

## Background

Ontario's Commercial Tenancies Act (the Act) outlines the relationship, rights and obligations between commercial landlords and tenants.

The following information broadly outlines the most frequently asked questions about the Act.

## Legal Advice

Whether you are a commercial tenant, sub-tenant or landlord, it is strongly recommended that you obtain legal advice to assist you with interpreting how the Commercial Tenancies Act applies to your specific situation.

The Law Society of Upper Canada provides a nominal fee referral service that can put you in touch with an appropriate lawyer in your community.

The Law Society of Upper Canada can be contacted at:

**1-900-565-4577**

## Leases

It is important to be aware that a signed lease agreement may take precedence over the Commercial Tenancies Act.

Typically a lease agreement sets out the specific obligations for both commercial landlords and tenants such as rent, maintenance, operating costs, leasehold improvements, and other matters.

Both landlords and tenants should carefully read their lease agreement as the majority of leases have terms and conditions that spell out the obligations of each party.

## Non-payment of Rent

When a tenant has failed to pay the rent, the landlord has two options available:

### OPTION 1: Change the locks

A landlord may change the locks of the unit and evict on the 16th day after the day rent was due. The landlord is not obligated to notify the tenant that the locks will be changed.

#### Example

January 1st – rent due

January 17th – locks can be changed without notification

#### > Note

- Landlords and/or tenants should not force their way into the premises.
- After the locks have been changed, landlords should allow tenants reasonable access to the rental unit to remove their property.

### OPTION 2: Seize and dispose of a tenant's property

A landlord may seize and dispose of a tenant's property that is contained within the rented premises.

The landlord is not required to give advance notice of seizing the tenant's property, unless the lease provides for it. However, landlords are required to notify the tenant of the distress and the sum of monies required to cure the default before proceeding to sell the seized property. Before disposing of seized property, the landlord must hold it for five days. If the proper payment is made by the tenant in this five day period, the landlord is not permitted to sell the tenant's property. Otherwise, after the proper appraisals are made, the property can be sold.

Both landlords and tenants are advised to seek legal advice in their specific situations.

#### Example

January 1st – rent due and not paid

January 2nd or later – seize tenant's property and notify the tenant of intent to dispose

Five days after seizure – obtain appraisals and dispose of tenant's property if the proper payment is not made by the tenant.

#### > Note

The Act requires two appraisals before selling or disposing of a tenant's property.

- The proceeds from the disposal of a tenant's property are to be applied to the rental arrears. In the event that proceeds exceed the amount of the arrears, a landlord is obligated to reimburse the excess amount to the tenant.
- Some types of tenant property cannot be seized, for example, property that is leased or co-owned.
- Sub-tenants who continue to pay the full rent cannot have their property seized if the head tenant failed to pay the rent to the landlord. In the event that a sub-tenant's property is seized, the landlord would be required to return the goods.
- Commercial tenants who wish to dispute their landlord's actions may apply to the Superior Court of Justice.

## Rent Increases

Most commercial tenancy agreements outline in detail issues such as the amount of rent charged and frequency of rental fee increases.

In the event that there isn't a current tenancy agreement, the landlord may increase the rent by any amount at any time.

The Act does not regulate rent increases.

#### > Note

Landlords should always consider giving a tenant a reasonable notice of a rent increase in writing.

## Interest on Rent Deposits

Under the Act, a landlord is not required to pay interest on a commercial tenant's security deposit.

However, it is possible that a lease agreement requires a landlord to pay interest on a security deposit or last month's rent.

